

Women of the Farm Luncheon

On Saturday, January 21, our patron farm women gathered at Ellsworth Cooperative Creamery for our third annual "Women of the Farm" luncheon. Nearly 60 attendees packed the third floor of the Creamery to enjoy a day of tours, pampering, tastings, and delicious food.



We wish to thank all the women who took time away from the farm to share the day with us. If you were unable to join us, we hope you'll make a point of coming next year!

DID YOU KNOW... The same almond "milk" brand is sold in the U.S., Canada and the UK. But only in the U.S. is the term "almondmilk" displayed; in the other countries, it is absent from the label due to a prohibition on using this terminology for imitation dairy products. #DairyPride



Follow us on Facebook! [/EllsworthCheese](https://www.facebook.com/EllsworthCheese)



232 North Wallace Street
Ellsworth, WI 54011
(715) 273-4311

www.ellsworthcheese.com

Dean Hines Named VP of WI Association of Dairy Plant Field Reps.

Dean Hines, Ellsworth Cooperative Creamery Field Representative, was recently named Vice President of the WI Association of Dairy Plant Field Representatives.

Dean's involvement in this organization is another way for our cooperative to be a part of the state's dairy industry and ensure a place at the table in important state-level discussions that impact our industry.

Last fall, Dean was recognized for his 41 years of service to our Cooperative. "Dean does a great job representing the values and culture of our organization, both in Madison with state officials, and to our staff," said Paul Bauer, Ellsworth Cooperative Creamery CEO.

Congratulations, Dean, and thank you for your hard work on behalf of our cooperative owners and our state's farming community.

The purpose of the Wisconsin Association of Dairy Plant Field Representatives is to improve the professional standing of dairy plant field representatives in Wisconsin for the good of the industry.



February 2017

Exciting New Product on the Horizon



We're beginning a new value-added venture to increase sales and grow market-share in cheese curds. We currently have customers in the pipeline and are accepting orders for a new product-line of breaded and battered cheese curds.

The success of this endeavor required having a leader on the project who has an understanding of the characteristics of our cheese curds, knowledge in new product development, and connections with outside partners who can formulate a coating that's just as special as the curds we produce. We found that person in Allen Hendricks, who has come on board as Director of Foodservice.

Allen comes to us after a 10 year stint with the Wisconsin Milk Marketing Board. Prior to that, he was with Schreiber Foods. Not only is Allen a skilled and successful foodservice sales professional, he's a trained culinary chef. His contacts will be invaluable to us as we venture into new sales territory, and his chef experience gives him unique insight into the wants of needs of the restaurant industry, a skill-set we plan to leverage in expanding foodservice sales across all product lines.

Expanding into breaded and battered cheese curds is a natural progression, as this product line fits well within

our value-added strategy. There are several other companies converting our curds into high profit margins for their own companies through breaded curds and we think it makes sense to capture a share of this growing market and margin for our own Cooperative.

In addition, our product has a reputation for quality and value among our existing foodservice customer base. We can use these established relationships for the success of this new product, with one unique differentiator that our competition cannot. Capitalizing on our story of farmer ownership, pride, and direct from the farm quality and freshness, will make our product stand out from the rest.

Ag Champion of the Year



The Ellsworth Cooperative Creamery's commitment to agriculture and the community was recognized by the Pierce County Economic Development Corporation at their Annual Dinner on Tuesday, January 24. Creamery CEO, Paul Bauer, and Senior Specialist, Joe Hines, accepted the Ag Champion of the Year Award on behalf of our organization. The award recognizes the contributions and impact of agriculture in our area.

ECC Annual Meeting

Please mark your calendars and plan to attend Ellsworth Cooperative Creamery's Annual Meeting.

In addition to board member elections, attendees will leave this meeting with an update on Ellsworth Cooperative Creamery's performance over the past year, current trends and challenges faced by our industry, as well as our goals and plans for the coming year.

Come meet and visit with your fellow-cooperative members. Lunch will be served.

Ellsworth Cooperative Creamery Annual Meeting
Tuesday, March 28, 2017
11:30am

CrossRoad Community Church
W7562 US Highway 10, Ellsworth

2017 Scholarship Program

We are currently accepting applications for the 2017 Scholarship Program. The goal of the program is to provide scholarships to members of our cooperative's families that wish to continue their post high school education in agriculture at a two year technical school or four year university.

Scholarship criteria and application instructions can be found on the application form. Application forms are available from the Ellsworth Cooperative Creamery in Ellsworth and can also be downloaded at EllsworthCheese.com, under the Producers' tab (scroll all the way down to the bottom of the page). The application deadline is March 31, 2017.

One Cooperative, Three Enterprises

By Paul Bauer, CEO, Manager
paulb@ellsworthcreamery.net

As you know, the Ellsworth Cooperative Creamery has repositioned itself over the past several years, shifting from a focus on commodities to offering higher margin value-added products. As markets, trade, consumer trends and other factors continually shift to impact each area of our business differently, it can be difficult to forecast and make strategic decisions. Yet, it's important to the success and viability of our cooperative that challenges in one area of our business do not overshadow opportunities in another. This requires looking at the organization as three distinct and separate enterprises.

To illustrate this, we can look at the sales we've had over the various segments of the company, comparing 2009, which many will remember as a bright year for Ellsworth Cooperative Creamery, and 2016. So that we have an equal comparison on each segment, I'll be using 2009 milk dollars in the following examples.

Commodity Segment: In 2009 we had about \$110 million dollars in commodity sales (including barrel cheese, whey, cream and milk). In 2016, using the same basis in milk value, we had \$115 million in sales in this category.

Value-Added Segment: When we look at this category, in 2009 we had about \$4.4 million dollars in sales. In 2016 we had \$45 million dollars in sales. This category has been experiencing explosive growth.

Retail Store Segment: In 2009 we had \$300,000 in sales from traffic to our

Ellsworth store. As of the end of 2016, our two retail stores had a combined \$3.3 million in sales.

As we plan for the future it's important that we look at each segment of our business, anticipate and plan for challenges within the market as best as we can, and fully maximize opportunities to off-set challenges. When we look at the commodities market, we know that the margins in this sector can be challenging and are beyond our control. As we've seen from the previous examples, our greatest potential for sustainable profits and continued growth is in our value-added products and retail stores.

For value-added, this will require understanding our customers, positioning our products to meet their desires and needs, and then marketing to this targeted demographic using the methods and messages that most resonate with them. For our retail stores, the approach must be similar, with an additional focus on inventory selection, quality and value, and implementing creative strategies that will drive more traffic to our stores.

I will continue to look at each enterprise and how to best get more value from each while working with the objectives and desires of the board. We have opportunity in each one, yet each has its own potential pitfall and growth areas to maximize profitability and position Ellsworth Cooperative Creamery for smart growth and a bright future.

Update: FARM Program 3.0

Jim Mulhern, National Milk Producers Federation

In January we entered the third phase of the FARM Program. In Jim Mulhern's January message to members, he shares about FARM 3.0. If you have questions about the program or your farm's compliance, please speak with your field representative who will be happy to answer your questions.

The third and latest version of the FARM Animal Care program arrived last month with almost universal (98%) participation of the nation's milk supply. Today, the program, and dairy farmers' adherence to it, enjoys wide recognition, endorsement and praise. What was once a point of consternation and frustration is now a source of renewed trust and appreciation; customers are grateful for the industry's leadership and proactivity on the issue of animal care. But more critically, many are excited to share the story of FARM and the top-notch animal care dairy farmers provide.

The 3.0 versions of FARM Animal Care's Reference Manual and evaluation checklist have been shaped and developed by years of scientific research and practical on-farm experience, overseen by a Technical Writing Committee of farmers, animal scientists, dairy veterinarians and cooperative leaders. The new version reflects continued feedback on a variety of items that will ensure the confidence of our customers and consumers about dairy. These include the importance of farmers having relationships with veterinarians in overseeing animal care; formal employee training in animal care; as well as the cessation of the practice of routine tail docking. Farms not in compliance with these areas will have a designated amount of time to make improvements so as

to maintain their good standing within the FARM Animal Care program.

Change always brings about challenges, and I know that these changes will be a challenge for some. They were not made without considerable deliberation and desire for balance. But to maintain the credibility of a program focused on continuous improvement, changes to the FARM Animal Care program had to be based on the science and guidance from the FARM Technical Writing Committee, National Milk's Animal Health and Well-Being Committee, and the NMPF Board of Directors. Without these changes, FARM would have lost the support of some of our industry's largest milk buyers. Losing that endorsement would have risked the escalation of individual food company mandates directed at dairy animal care, greatly expanding the costs and hassle to farmers having to comply with multiple animal care programs managed by different dairy buyers.

The consequences of not acting prudently and proactively on any element of animal care, but rather only reactively and defensively, can be seen across the food industry on a regular basis. Activist activity, customer demands and marketing distinctions, major U.S. companies are exerting continued pressure to change animal care practices on poultry and livestock farms.

The dairy community must continue to work together on animal care practices through FARM so that we do not become subject to similar, brand-by-brand exclusionary mandates.

DAIRY PRIDE

For decades our industry has worked to defend the good name and image of milk against a rising tide of imitators. First it was oleo-margarine, and more recently, imitation cheese. In the past 15 years, the challenge has been "milks" made from plants. The good news is that, thanks to our joint efforts, this battle has received a boost from new developments on Capitol Hill that will make it much harder for federal regulators to ignore dairy industry requests for enforcement action against fake dairy foods.

At issue is the long-standing federal standard of identity stipulating that milk must come from a cow in order to be labeled as such. But plant-based imitators have jumped on dairy's bandwagon by using our industry's terminology, while failing to offer our product's nutrition. Cows' milk is standardized to contain significant levels of nine nutrients. Simulated milks typically offer only some of those vitamins, minerals and protein at levels that vary.

This concern led a bipartisan group of 32 members of Congress to write to the FDA, urging the agency to make enforcement of dairy standards a priority. This is one of the most significant actions taken on the issue in years, as it corroborates what we have been saying for years.

Last month, Sen. Tammy Baldwin (D-WI) introduced new legislation to compel action by the FDA. The DAIRY PRIDE Act requires the FDA to enforce the label standards, including offering a timeframe for when and how it will take action. A similar bill aimed at forcing the FDA's hand has now been introduced in the House by a bipartisan group of Congress.